



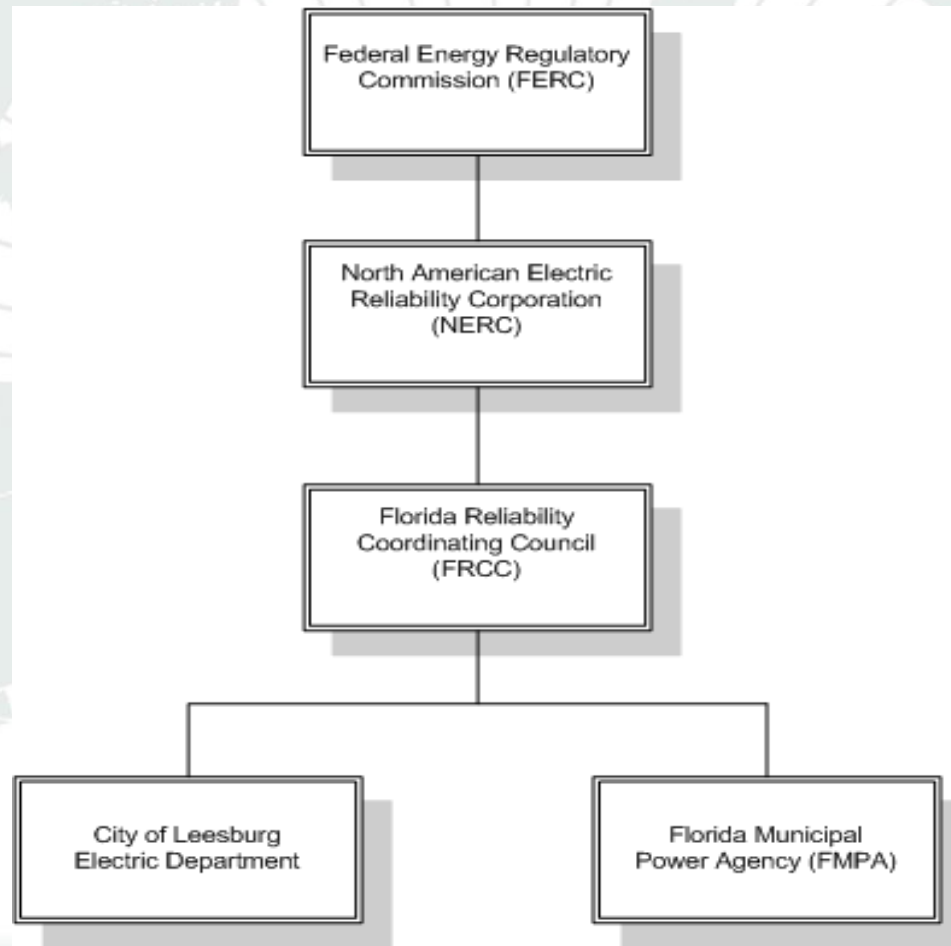
City of Leesburg Electric Department

City Commission Internal Compliance Program (ICP) 2014

Why do we have an Internal Compliance Program (ICP)

- The Federal Energy Regulatory Commission (FERC) created the requirement for compliance.
- The North American Electric Reliability Corporation (NERC) has the authority to enforce the compliance program.
- The Florida Reliability Coordinating Council (FRCC) is the Regional entity with delegated authority from NERC.
- The Florida Municipal Power Agency (FMPPA) works with us on Compliance.

Internal Compliance Program (ICP)



Internal Compliance Program (ICP)



- We started towards compliance in July 2008
- On March 12, 2010 we received a Notice of Listing in NERC Compliance Registry.

Internal Compliance Program (ICP)

NERC NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

March 12, 2010

City of Leesburg
2010 Griffin Road
Leesburg, FL 34748

Dear Phil Janik,

Notice of Listing in NERC Compliance Registry

The North American Electric Reliability Corporation (NERC) provides notice, as required by Rule 501.1.3.1 of NERC's Rules of Procedure, that NERC intends to list **City of Leesburg**, NERC Compliance Registry ID number **NCR11010**, in the NERC Compliance Registry as set forth below. The NERC Compliance Registry identifies the owners, operators, and users of the bulk power system that are responsible for complying with approved reliability standards applicable to the functions for which each entity is registered.

The Federal Energy Regulatory Commission (Commission or FERC) certified NERC as the Electric Reliability Organization (ERO) under Section 215 of the Federal Power Act on July 20, 2006. Section 39.2 of the Commission's regulations, 18 C.F.R. § 39.2 (2007), requires each owner, operator, and user of the bulk power system to register with NERC and to comply with approved reliability standards. NERC has delegated the responsibility to the eight regional entities for identifying the organizations to be registered in the NERC Compliance Registry.

The *Statement of Compliance Registry Criteria (Revision 5.0)* identifies the criteria organizations and the regional entities use to determine which organizational entities must be included on NERC's Compliance Registry. It is posted on the NERC Web site under Organization Registration.¹

Being listed in the NERC Compliance Registry indicates that an entity is subject to compliance with the NERC Reliability Standards that have been approved by the Commission. City of Leesburg, NCR11010, is listed as a Registered Entity in the following region(s) for the indicated functional category(ies) with the listed effective registration date(s):

<u>Region</u>	<u>Function</u>	<u>Effective Registration Date</u>
FRCC	DP	2/1/2010

Organization registration by function establishes that City of Leesburg is:

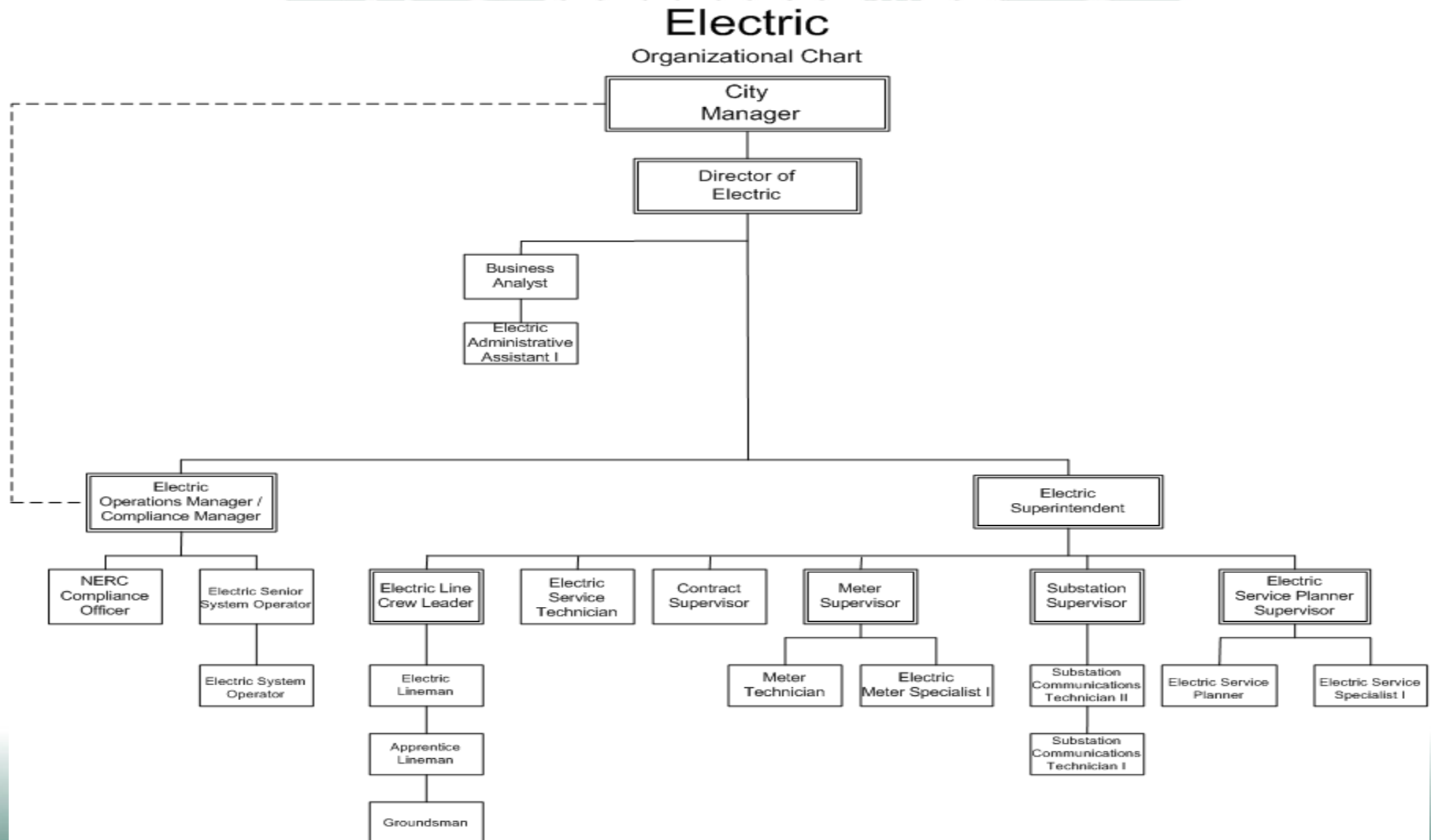
1. Subject to monitoring and enforcement of compliance with all applicable requirements within reliability standards approved by the Commission, and
2. Responsible for any sanctions, penalties, and mitigation actions (including mitigation

¹ <http://www.nerc.com/page.php?cid=3125>

Internal Compliance Program (ICP)

- Reliability Compliance Program is the Electric Department's Internal Compliance Program (ICP)
 - Reliability Compliance Program and Reliability Compliance Program Training posted on the City's Intranet
- Key components of our ICP:
 - Shows a strong atmosphere of Compliance.
 - Yearly review of our ICP and all documented evidence.
 - Strong process for compliance – “Find, Fix, Track & Report”
 - Established Compliance Staff
 - Fully supported Leadership Structure.

Internal Compliance Program (ICP)



Internal Compliance Program (ICP)

- NERC created Reliability Standards that cover different aspects of our Electric System.
- As of today's date, we are required to be in compliance with 26 Standards and our Internal Compliance Program.
 - There are 135 individual Requirements within the 26 Standards that we are required to be compliant with.
- In calendar year 2014, there will be 1 Revised Standards with an associated costs. This Revised Standard will have 5 Requirements that we will have to become compliant with.
- There are 5 New Standards with 25 Requirements that have received NERC Board of Trustee Approval and are awaiting FERC Approval. No specific compliance date has been posted but some of them could become effective as early as the end of 2015.
- On the horizon are increased requirements associated with Cyber and Physical Security. We are still evaluating these requirements.

Internal Compliance Program (ICP)

➤ Key Reliability Standards:

➤ Critical Infrastructure Protection (CIP)

- Major changes to physical security cost could arise due to the Pacific Gas & Electric's Metcalf Substation event in California on April 16, 2013.

➤ Sabotage Reporting

- All New Employees are given training on how to report suspected acts of Sabotage at their New Employee Orientation.
- Sabotage Training Program is posted on City's Intranet.

Internal Compliance Program (ICP)

- Key Reliability Standards: (cont.)
 - Protection and Controls (PRC)
 - Maintenance and testing of Protection systems in our substations has increased.
 - Communications (COM)
 - Major changes that have been recommended would increase the costs of compliance if they are approved.

Internal Compliance Program (ICP)

Leesburg's 2013 NERC Audit

- Our audit was held on February 28, 2013
 - We were audited on 4 NERC Standards and our Internal Compliance Program. The audit period was from February 2010 to February 28, 2013.
 - We received “No Finding” or “Not Applicable” on our Standards which means the audit team did not discover areas of non-compliance. A really good thing!

Internal Compliance Program (ICP)

Leesburg's 2013 NERC Audit

- We received a good rating on our Reliability Compliance Program.
 - The audit team did give us recommendations on areas that needed to be strengthened.
 - These recommendations have been implemented.

Internal Compliance Program (ICP)

Base Penalty Amount Table

	Violation Severity Level							
Violation Risk Factor	Lower		Moderate		High		Severe	
	Range Limits		Range Limits		Range Limits		Range Limits	
	Low	High	Low	High	Low	High	Low	High
Lower	\$1,000	\$3,000	\$2,000	\$7,500	\$3,000	\$15,000	\$5,000	\$25,000
Medium	\$2,000	\$30,000	\$4,000	\$100,000	\$6,000	\$200,000	\$10,000	\$335,000
High	\$4,000	\$125,000	\$8,000	\$300,000	\$12,000	\$625,000	\$20,000	\$1,000,000

Internal Compliance Program (ICP)

The Report from our 2014 Annual Review has been given to the Director of Electric and the City Manager.

Internal Compliance Program (ICP)



Questions?